



NCDOT Public Transportation Division Conference

Planning for Equitable Development and
Affordable Housing around Transit

AFFORDABLE HOUSING AD HOC WORKING GROUP

October 29, 2018

Alan Steinbeck, PSG

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Part I |

Working group charge

AFFORDABLE HOUSING AD HOC WORKING GROUP

Vision

Connecting North Carolinians to
Opportunities

Mission

Improve North Carolinian's quality of life by:

- Building healthy communities
- Supporting job creation and economic development
- Providing equal opportunities so all people can thrive

Recommended actions for Transit-supportive land use

- Transit agencies
 - Expertise
 - Guidelines
 - Advocacy
 - Project partnerships

Affordable Housing Working Group Assignment

- Implementing the Strategic Plan
- Convened a cross-section of community, economic development and real estate professionals
- Discuss, advise and recommend strategies to encourage the development of affordable housing near mass transit.

Part II |

Affordable housing context

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Affordable Housing Made Manifest

Affordable Housing

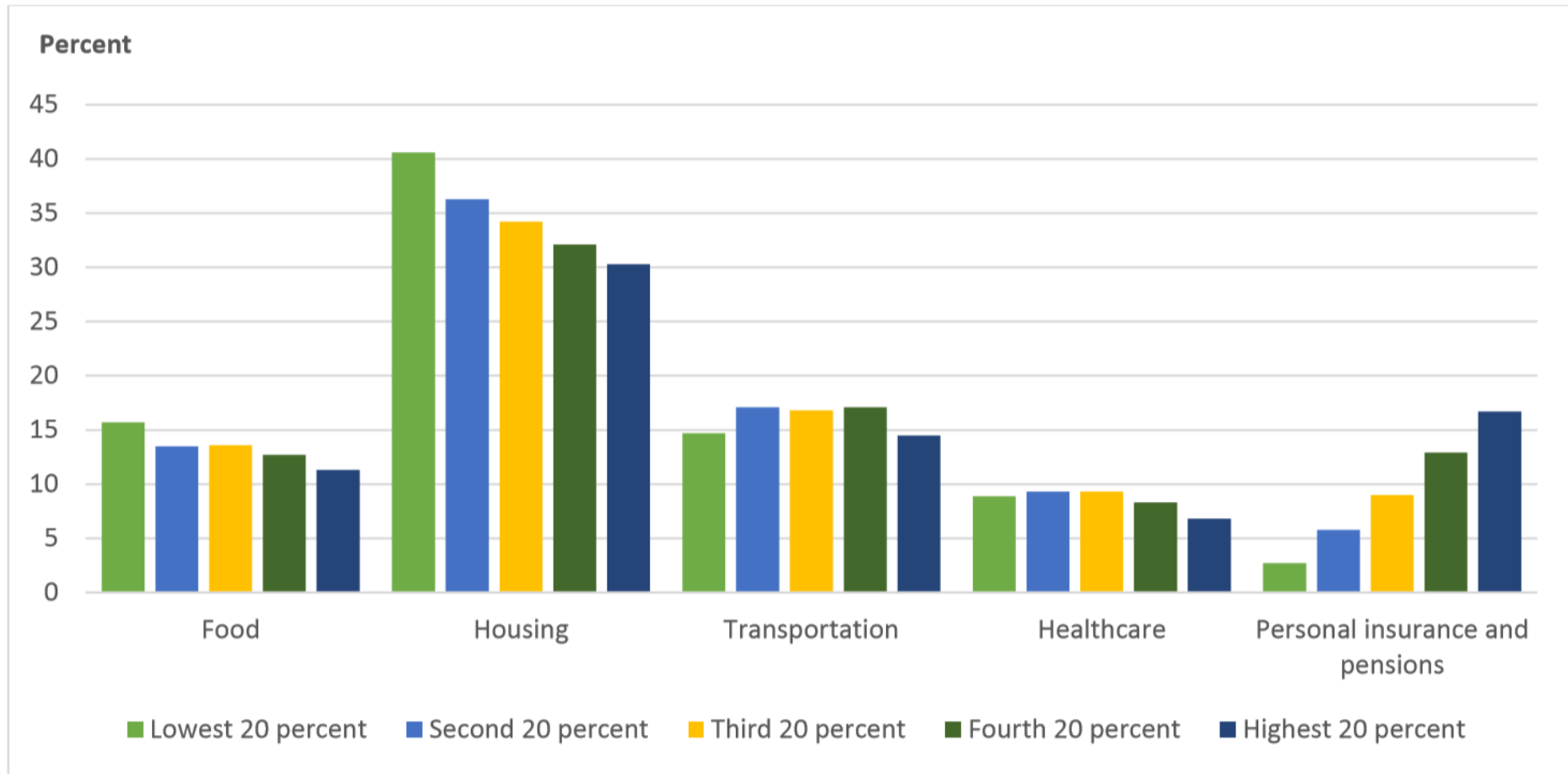
- Build
- Incentivize
- Require
- Preserve
- Induce
- Filter

Affordable Housing and Access to Transit

- Build more transit
- Double down on incentives and requirements
- Preservation required
- Normative processes don't work

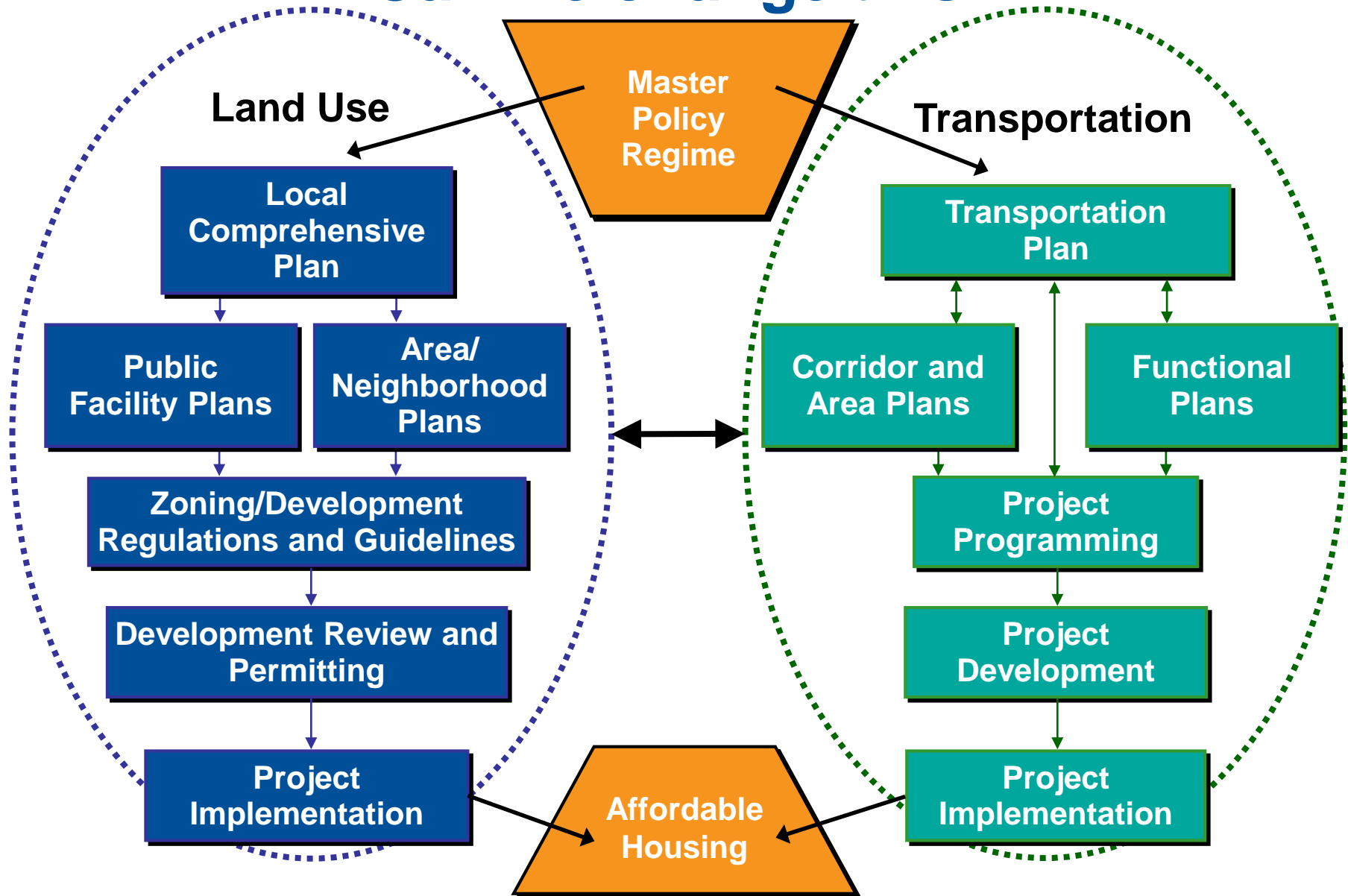
Share of household expenditures

Shares of average expenditures on selected major components by income quintiles, July 2016 through June 2017



Source: U.S. Department of Labor Bureau of Labor Statistics Document USDL-18-0636; Consumer Expenditure Surveys; shown by consumer unit

Can we change this?

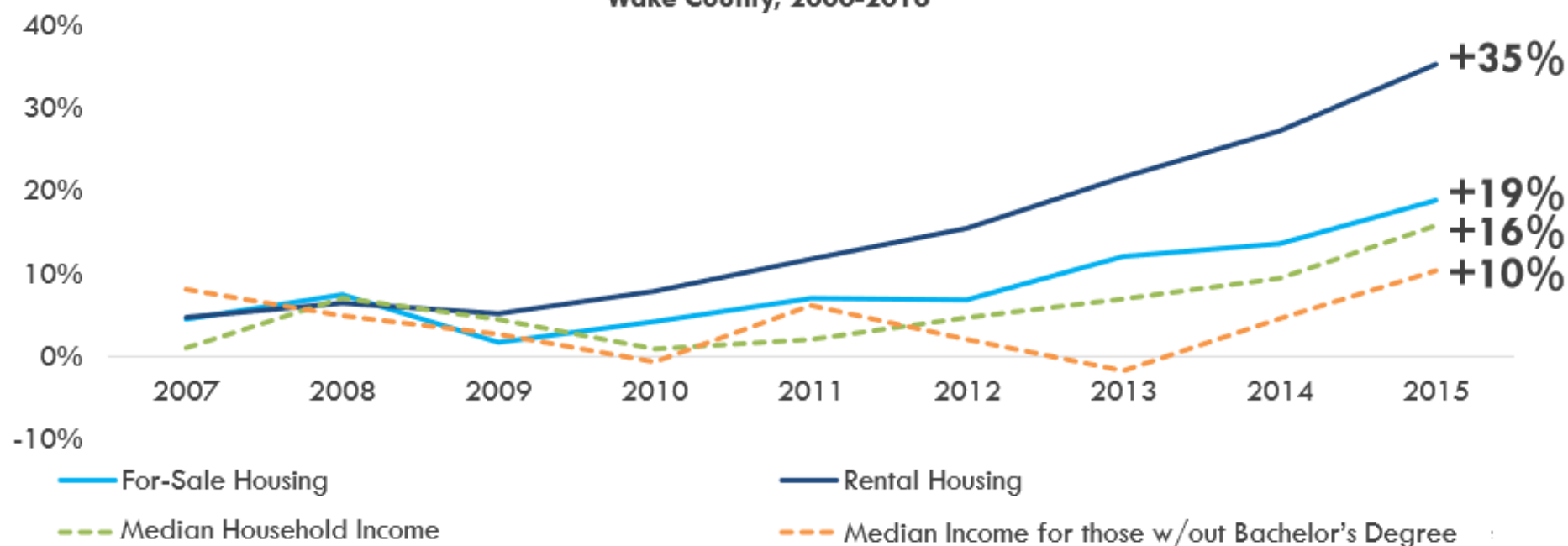


No easy task

- Affordable housing is not just a supply problem

Housing costs and income

GROWTH IN HOUSING COST RELATIVE TO INCOME
Wake County, 2000-2016



Source: U.S. Census; CoStar Group; Zillow; HR&A Advisors

No easy task

- Affordable housing is not just a supply problem
 - Additional density is not enough
 - It is not just a physical planning problem

West Village - Durham



West Village - Durham



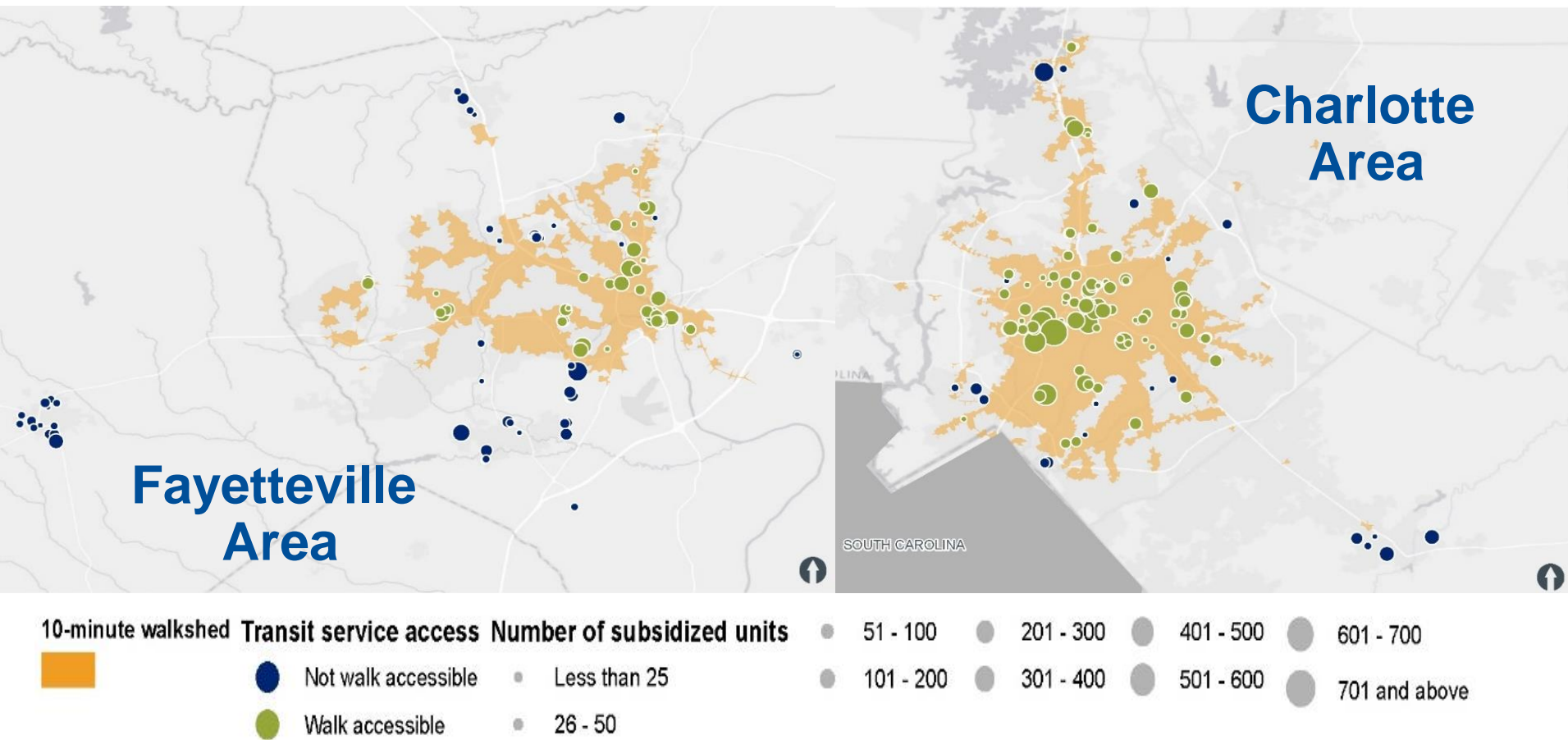
900 sf one bedroom – \$1549-\$1999



No easy task

- Affordable housing is not just a supply problem
 - Additional density is not enough
 - It is not just a physical planning problem
- Economic security and stability need to exist
 - Education, job access and wages

Access to transit



Source: *Transit and Affordable Housing in North Carolina*, NCDOT

No easy task

- **Affordable housing is not just a supply problem**
 - Additional density is not enough
 - It is not just a physical planning problem
- **Economic security and stability need to exist**
 - Education, job access and wages
- **There are challenges at the local level**

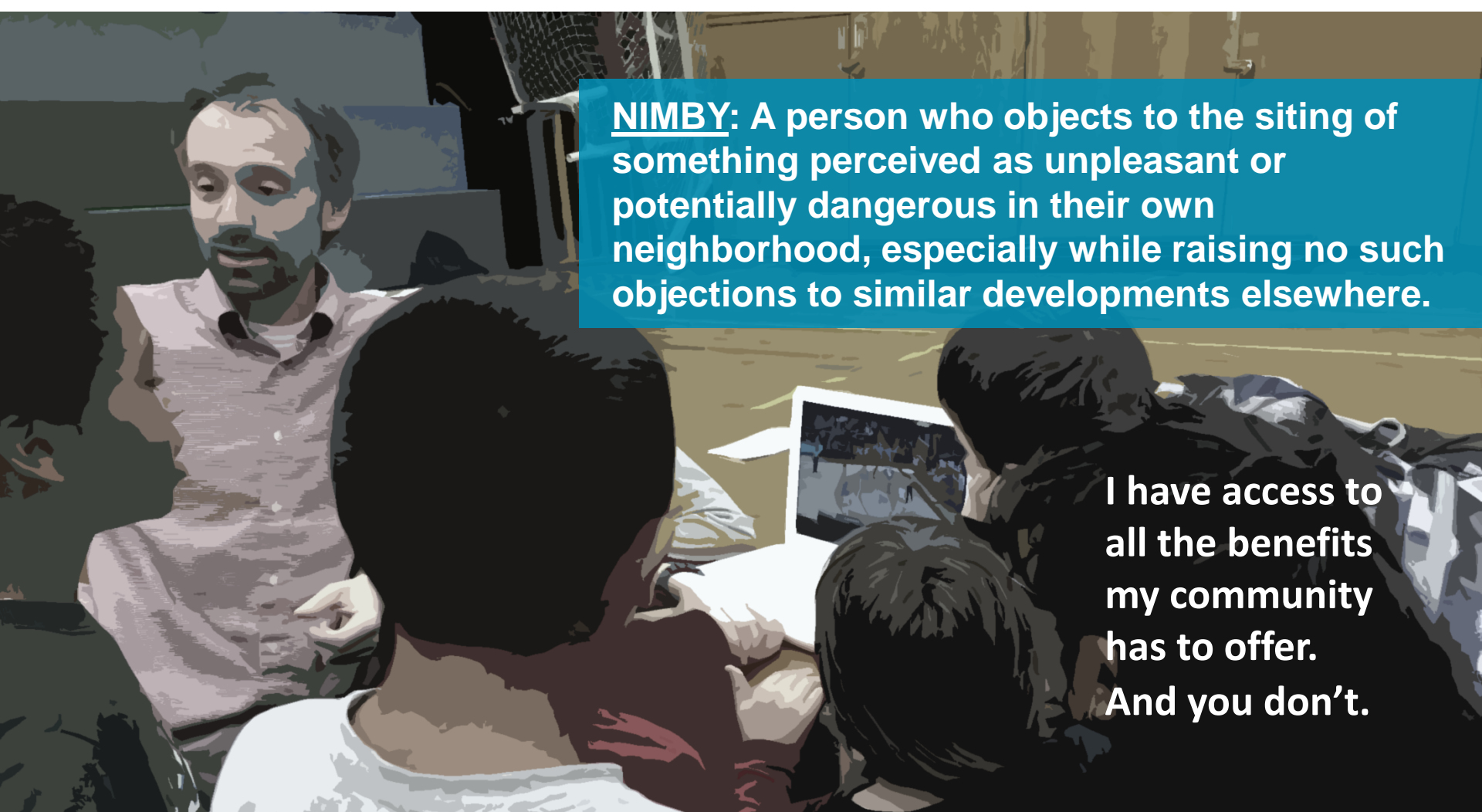
No easy task

EQUITABLE DEVELOPMENT: Approaches for creating communities and regions where residents of all incomes, races, ages, and ethnicities participate in and benefit from decisions that shape the places where they live.

I am involved in
the process of
shaping my
community.



No easy task



NIMBY: A person who objects to the siting of something perceived as unpleasant or potentially dangerous in their own neighborhood, especially while raising no such objections to similar developments elsewhere.

I have access to
all the benefits
my community
has to offer.
And you don't.

No easy task

- Affordable housing is not just a supply problem
 - Additional density is not enough
 - It is not just a physical planning problem
- Economic security and stability need to exist
 - Education, job access and wages
- There are challenges at the local level
- No clear or commonly held definition of what affordable housing is or how much we need

Who needs affordable housing?



Home Health Aide

Single parent, 2 children
(3-person household)

Income:
\$20,200

<30% AMI



Retail Salesperson

Single person, 0 children
(1-person household)

Income:
\$25,600

30-50% AMI



Preschool Teacher

Single parent, 1 child
(2-person household)

Income:
\$28,500

30-50% AMI



Firefighter

Two parents, 2 children
(4-person household)

Income:
\$34,300

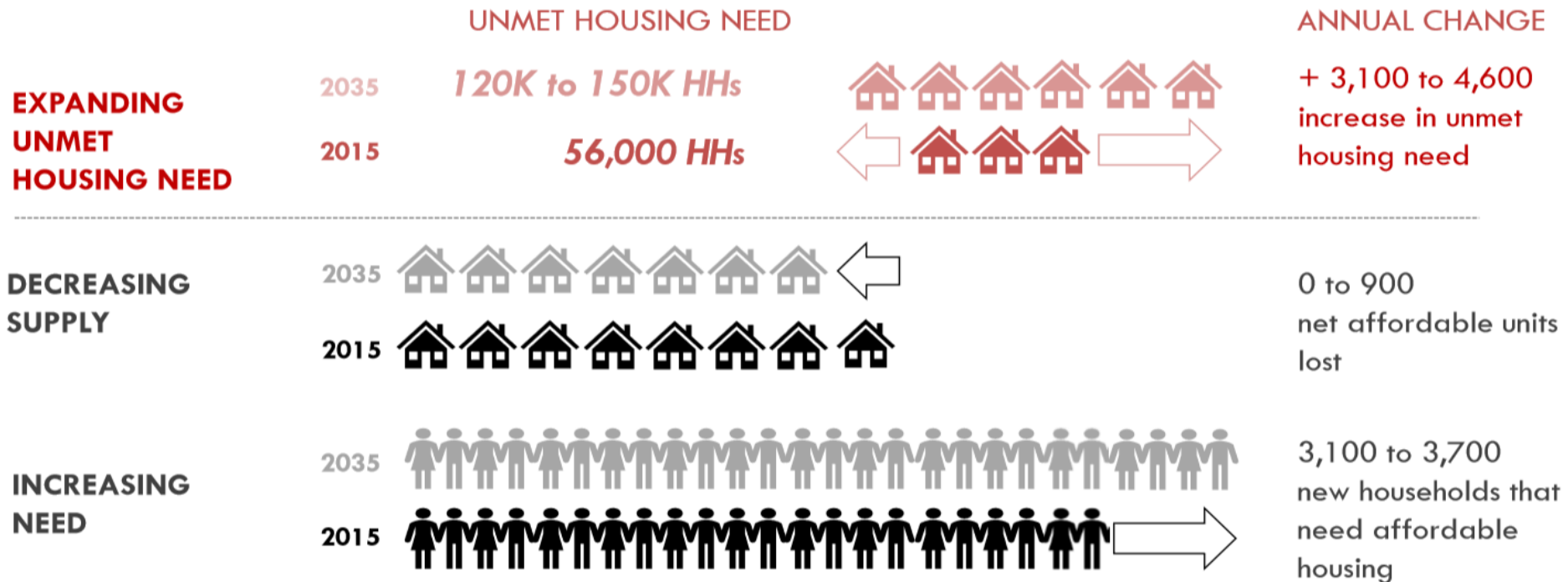
30-50% AMI

Sources: NC Department of Commerce, HUD; HR&A Advisors.

Notes: Income defined using the North Carolina average annual income for each occupation. Area Median Income (AMI) is the midpoint of the income distribution for a specific geographic area. AMI is defined by the U.S. Department of Housing and Urban Development (HUD) and varies according to household size. Low-income is defined as 50% of AMI or \$39,400 for a four-person household based on HUD's 2015 income limits for Wake County.

How much do we need?

Approximately 56,000 working families who make less than \$39,000 a year in Wake County are currently unable to find affordable housing. Current trends show that number may increase to as many as 150,000 households over the next 20 years.



Note: Low-income is defined as 50% of AMI or \$39,400 for a four-person household based on HUD's 2015 income limits for Wake County.

Source: Wake County Affordable Housing Plan

Good news

- **Transit-oriented development and affordable housing**
 - Good chance it can be planned
 - Density and intensity allowed
 - Many examples of policies and incentives
 - Opportunities for public-private partnerships
 - Increasingly viewed as a growth management and economic development strategy
 - Access to economic opportunity

Good news

- Heightened awareness of the need to address affordable housing
- Stakeholders trying to do something about it
- Succeed or fail
 - Public policy will have a significant influence on the outcome

Part III |

White paper: Transit and Affordable Housing in North Carolina

AFFORDABLE HOUSING AD HOC WORKING GROUP

White paper contents

- **State of affordable housing**
 - Policy and funding in nation and state
 - Stakeholder interviews
- **Transit-oriented development**
 - Challenges of market, policy and funding
- **Data analysis**
 - Location of subsidized housing and transit
- **Recommendations**
 - State, regional and local levels

Housing affordability and availability

- **Asheville**

- All subsidized and tax credit housing units are currently occupied (nearly 5,000 total units)
- Wait lists are up to 8 years for vacancies

- **Charlotte**

- There is a gap of 34,000 housing units for all low-income residents in Charlotte.

- **Fayetteville**

- Housing Choice Voucher program wait list is closed with an estimated 5 year wait

Housing and transportation costs

- % spent on housing and transportation

• Area	Municipality	CBSA
• Asheville	55%	58%
• Charlotte	51%	52%
• Chapel Hill	56%	52%
• Durham	47%	52%
• Fayetteville	55%	57%
• Greensboro	54%	57%
• Raleigh	44%	47%
• Wilmington	54%	58%
• Winston-Salem	53%	56%

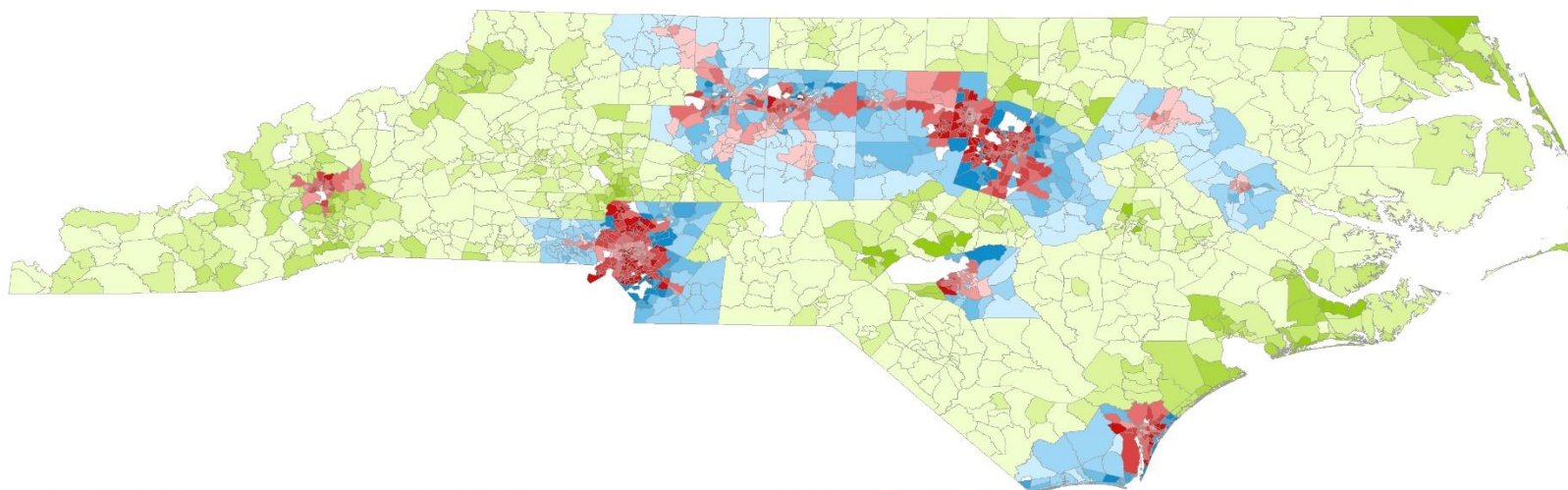
Source: Center for Neighborhood Technology H+T Index at <https://htaindex.cnt.org/>. CBSA is Core Based Statistical Area.

Part IV |

Affordable housing and transit

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2016 Median Rent and Transit Access



Transit Tracts

	< \$500.00
	\$500.01 - \$650.00
	\$650.01 - \$800.00
	\$800.01 - \$1,000.00
	\$1,000 +

Transit in County

	< \$500.00
	\$500.01 - \$650.00
	\$650.01 - \$800.00
	\$800.01 - \$1,000.00
	\$1,000 +

No Transit in County

	< \$500.00
	\$500.01 - \$650.00
	\$650.01 - \$800.00
	\$800.01 - \$1,000.00
	\$1,000 +

Source: PSG; FOUNDATION Model; American Community Survey

Rent Increases 2010-2016

Row Labels	Count of Tracts	Average of 2010 rent	Average of 2016 rent	Avg Pct Change Rent
No Fixed Routes	880	\$ 476.95	\$ 546.79	14.6%
Fixed Route Counties	1214	\$ 639.24	\$ 737.43	15.4%
<i>Adjacent</i>	753	\$ 661.99	\$ 769.79	16.3%
<i>Not Adjacent</i>	461	\$ 602.08	\$ 684.56	13.7%
Grand Total	2094	\$ 571.04	\$ 657.31	

Source: PSG; FOUNDATION Model; American Community Survey

Affordable Housing

- Losing ground in the “do nothing else” scenario
- Data suggests continuation of trend in relative changes in price
- What do we need to do just to maintain?
- What are the implications of future major transit investment?

Part V |

Affordable housing typologies

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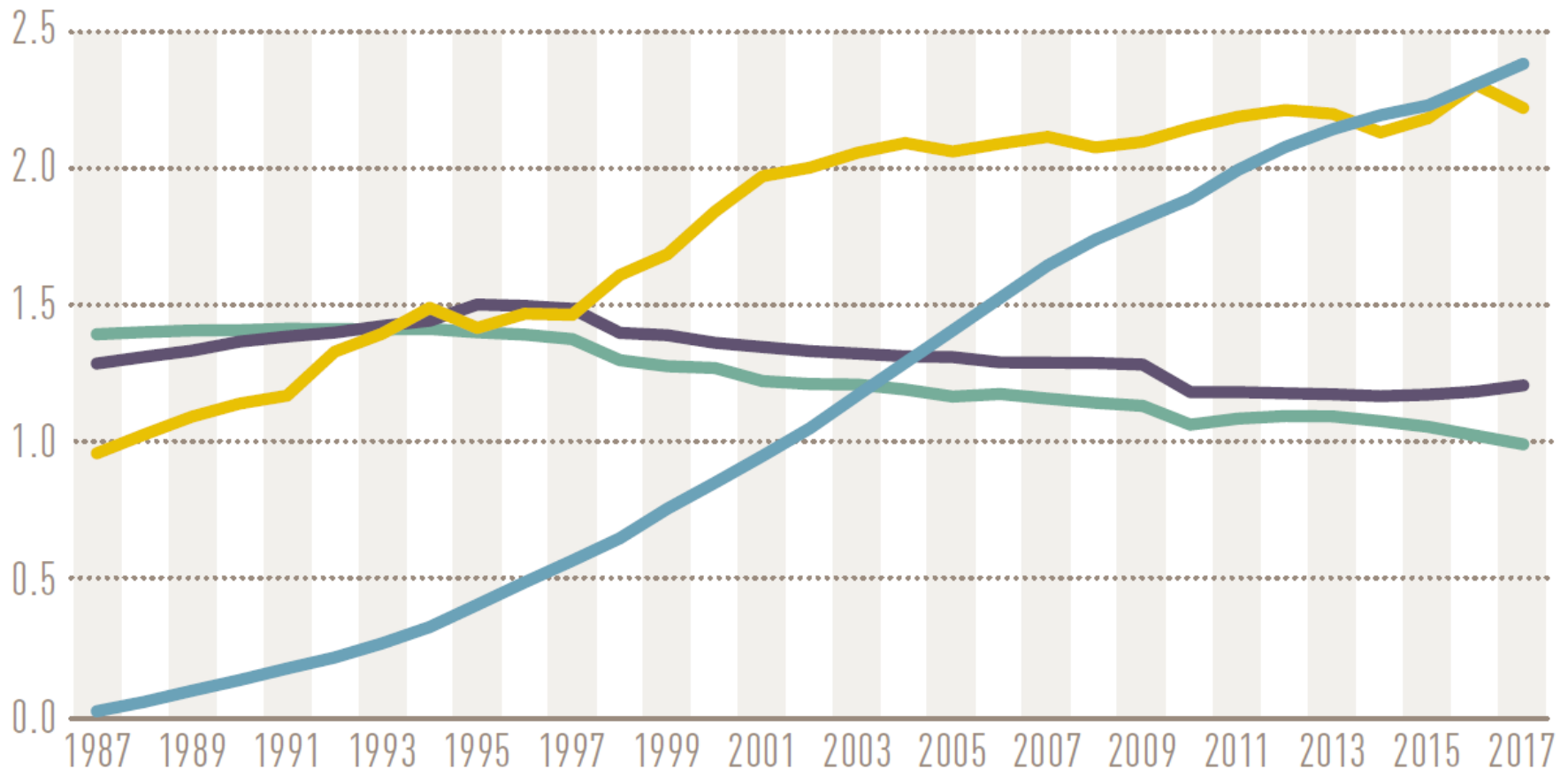
Affordable Housing Typologies

- Housing for low and very low income households
 - Housing Choice Voucher program (Section 8)
 - Public housing (Section 9)
- Housing for low income households
 - Low Income Housing Tax Credit Housing
 - 9% tax credits
 - 4% tax credits
- Housing for lower-middle income households
 - Workforce Housing

Assistance Program

LIHTC Section 8 Vouchers Project-Based Section 8 Public Housing

Number of Occupied Units (Millions)



Source: Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2018*.

Gap Financing

- Equity and 1st Mortgage debt determined by economics with Gap Financing left to make up the difference
- Gap financing can take many forms
 - Federal funding (CDGB, HOME, DOT, USDA, etc.)
 - State funding (Rental Production Program, Housing Trust Fund, etc.)
 - Local funding (loans, grants, waiver of fees)
 - Donated infrastructure (federal, state, local)
 - Donated land and land cost reduction strategies
 - Hybrid/philanthropic funds (emerging space with foundations and financial institutions)

Part VII

Affordable housing potential strategies

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Livable Centers Initiative

- Atlanta Regional Commission
- Funding provided in Regional Transportation Plan (RTP) and programmed in Transportation Improvement Program (TIP)
- Funding Source
 - Surface Transportation Program sub-allocation to MPOs with population >200,000 (STP-Urban)
 - Congestion Mitigation Air Quality funds (CMAQ)
- 20% local match required for planning and implementation

\$20M per year is available for implementation of transportation projects.

Must be in good standing to receive funds. Land use measures must be adopted (over 50% of communities have adopted senior, workforce or inclusionary housing policies after completing LCI plans).

Projects must comply with complete streets principals.



Juniper Street, Midtown Atlanta

Opportunity Zones Benefits

- 2107 Act of Congress amended Internal Revenue Code
- Investors get deferred and reduced tax liabilities from capital gains
 - Double your return when taking full advantage of benefits
- Community investment can be catalyzed
- Projects get investment capital unlike other forms of debt/equity
 - Slow money

SGA Opportunity Zone...

This map displays the Opportunity Zones with key data elements related

☒ Transit Stations

● TRANSIT STOP

☒ Brownfield Sites

● BROWNFIELD SITE

☒ Opportunity Zones and Transit

● ONE OR MORE

● NONE

☐ Zones with Brownfields

☐ Population Density

☐ Affordability

☐ Commercial Jobs

CHARLOTTE

CARTO

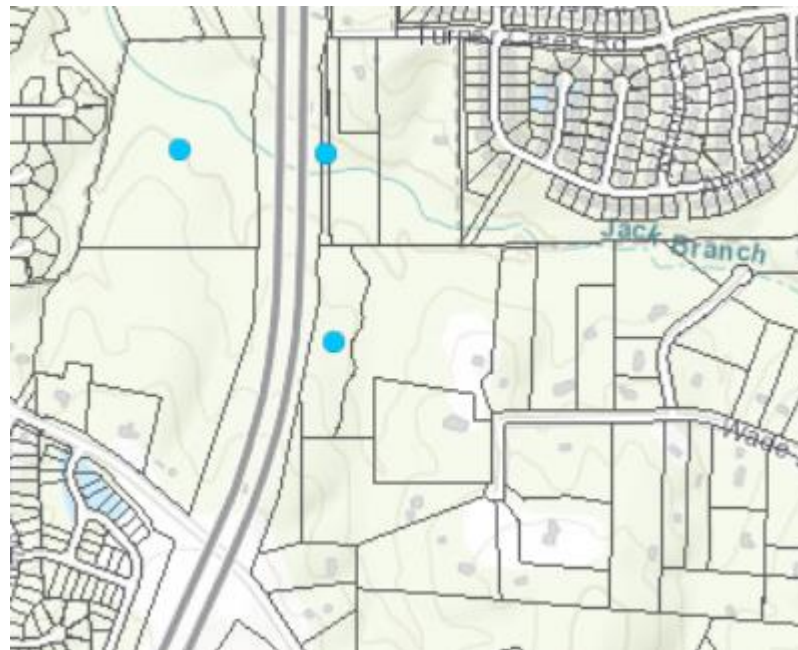
— + 🔍 ?

Opportunity Zones and Affordable Housing

- Equity partners with slow, low interest payback period.
 - Could have full, ten-year deferment on cashing out
- Opportunity Zone property owners with land lease to developers
- Third party entity to facilitate public-private deals
 - Opportunity Zone partnership/corporation that brings together different layers of financing
- Infrastructure investment/finance

Right-of-Way Remnant Property

- Apex
- 540 and Roberts Road
- Acres – 19.94
- Value - \$500K



Repurposing Public Property and Affordable Housing

- TOD and joint development
- RFP offering for affordable housing development
- Public-public partnerships
- Land and financing
 - Rent to own
 - Opportunity Zone investment portfolio

Topics

- Directed transportation funding
- Transportation planning and project development process
- Regional and local planning
- TOD guidance and regulation
- Affordable housing finance and incentives
- Public-private partnerships and other multi-sector approaches to development

Potential Strategies

- **Directed transportation funding**
 - *Railroad Rehabilitation Improvement Financing program*
 - *Transportation Infrastructure Finance and Innovation Act funding*
 - Program similar to Atlanta Regional Commission Livable Centers Initiative
 - Statewide affordable TOD fund

Note: Highlighted areas are strategies that can be employed by transit agencies.

Potential Strategies

- **Transportation planning and project development process**
 - Land use/housing considerations in long range planning
 - *Augmentation of NEPA and other corridor studies to identify impact on affordable housing and housing needs*
 - *Early action for property acquisition*
 - *FTA Pilot Program for Transit-Oriented Development Planning*

Potential Strategies

- **Regional and local planning**
 - Regional systems plans with assessment of housing need across region
 - *Regional definition of TOD typologies for existing and future transit*
 - Affordable housing plans
 - *Coordinated transit and extending transit across jurisdictional boundaries*
 - *Performance measurement and criteria for changes to or expansion of transit systems*

Potential Strategies

- **TOD guidance and regulation**

- *Local TOD policies/programs*
- Local government requirements for affordable housing for development within proximity to transit stations
- *Parking innovations, including reduced, decoupled or offsite parking*
- Statewide affordable housing strategy
- Statewide guidance on planning for TOD
- Rural area guidance on transit, housing and location of services
- *TOD performance criteria tied to transit funding*

Potential Strategies

- **Affordable housing finance and incentives**
 - Changes to the Qualified Action Plan to emphasize/incentivize access to transit
 - Local affordable housing trust funds
 - *Density bonus for including affordable housing in new development*
 - *Tax increment financing districts*
 - Health care industry housing collaborations
 - Housing preservation strategies

Potential Strategies

- **Public-private partnerships and other multi-sector approaches to development**
 - Right-of-way remnant repurposing program
 - *Opportunity Zones funding for land purchase and development*
 - *FHWA Joint Development*
 - Local government housing programs
 - Affordable housing agencies, organizations and departments
 - Workforce housing policies and programs



PUBLIC TRANSPORTATION

STRATEGIC PLAN

Connecting North Carolinians to Opportunities



Thank you

<https://www.ncdot.gov/nctransit/strategicplan>